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UNCLAS SECTION 01 OF 07 STATE 115948

SIPDIS

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SUBJECT: PSI: OPERATIONAL EXPERTS GROUP MEETING IN PARIS,  
FRANCE (SEPTEMBER 25-26, 2008), PART 1 OF 2

REF: STATE 115935

#### SUMMARY

¶1. The seventeenth Proliferation Security Initiative (PSI) Operational Experts Group (OEG) meeting took place in Paris, France on September 25-26, 2008. Delegations from the 20 OEG countries participated. Information contained in this cable is provided for Posts' information and is not to be passed to host governments.

#### OBJECTIVES AND ACTION REQUEST

¶2. REFTEL provides a non-paper to pass to host nation governments of all PSI-endorsing states to keep them abreast of developments in the PSI community. Posts are requested to provide assessments of what PSI outreach activities (including exercises, table top exercises emphasizing a national response plan for WMD-related interdiction, commodity identification training, etc.) might provide value-added capacity-building effects to the host country. Email replies to POC are acceptable, following delivery of REFTEL non-paper.

#### BACKGROUND

¶3. Meeting Summary: France hosted the seventeenth Proliferation Security Initiative (PSI) Operational Experts Group (OEG) meeting in Paris on September 25-26, 2008. Delegations from the 20 OEG countries participated - Argentina, Australia, Canada, Denmark, France, Germany, Greece, Italy, Japan, the Netherlands, New Zealand, Norway, Poland, Portugal, Russia, Singapore, Spain, Turkey, United Kingdom, and the United States. The meeting built upon the momentum generated at the PSI 5th Anniversary meetings in Washington, DC on May 28-29, 2008 and focused on developing concepts for the future of the OEG and PSI. New this time, France organized break out groups on the Future of the OEG, Coordinating Outreach and Exercises, Relations with Industry, and Media Strategy. Of note, France added a plenary session on law enforcement issues after the U.S. and other countries requested that this subject area receive more attention than earlier agenda drafts allowed. Detailed information on the agenda and related discussions can be found in the Chairman's Statement in paragraph 18 below.

¶4. Delegation: The U.S. delegation was led by Richard Douglas, OSD Deputy Assistant Secretary of Defense for Counternarcotics, Counterproliferation, and Global Threats. The delegation included representatives from the Office of the Secretary of Defense (Policy and General Counsel), the Department of State (ISN), U.S. African Command, U.S. Central Command, U.S. European Command, U.S. Pacific Command, U.S. Southern Command, U.S. Strategic Command, the Department of

Homeland Security (Legal, Customs and Border Protection, and Immigration and Customs Enforcement), the Federal Bureau of Investigation, and the Office of Naval Intelligence.

¶5. Introduction: Mr. Michel Miraillet, Under Secretary of Defence for Policy (France), welcomed PSI Operational Experts to Paris on September 25, 2008. Mr. Miraillet emphasized the importance of raising awareness and providing tools to all PSI countries so that they are equipped to help prevent proliferation, and he called upon OEG countries to enhance the effectiveness of PSI. The OEG meeting was chaired by Camille Grand, Director of the Foundation for Strategic Research.

¶6. Future of the OEG: New Zealand chaired a discussion on the Future of the OEG in an effort to ensure its continued value and sustainability. The U.S. delegation pursued its interest in further regionalization of PSI activities, provided that communication among OEG countries could be maintained. Regarding frequency of OEG meetings, the group was comfortable with an annual OEG and more frequent regional meetings.

¶7. Coordinating Outreach and Exercises: The U.S. chaired a discussion on the relationship between outreach activities and exercises, recognizing that

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a degree of coordination among OEG countries would improve the effectiveness of these activities and help prevent saturation among PSI partner countries. The group made three proposals to the OEG plenary to improve coordination.

¶8. Relations with Industry: The UK chaired a discussion on relations with industry, reflecting a widely-shared view that building relationships with industry - particularly the export and transport industries - is an effort worth pursuing.

¶9. EU role in PSI: France, as current President of the EU, included two agenda segments on the EU's involvement in PSI. First, France invited Mr. Andreas Strub from the Council of the European Union to discuss the EU's approach to counterproliferation. Second, Poland introduced the concept of a Regional OEG meeting for EU member countries. During the ensuing discussion, the following conclusions were drawn: 1) While the EU provides a complementary and supportive operating framework for PSI, decisions to participate in any specific interdiction action remained with EU member states' national governments, and 2) Poland's proposed Regional OEG would be welcomed and should include all European PSI countries, not only EU member states. It should be noted that the U.S. conveyed its position on this issue to France and Poland prior to the OEG meeting, was satisfied with the conclusions reached in Paris and will continue to look for ways that international organizations can play complementary roles with PSI.

¶10. German-hosted PSI web-based portal: Germany presented an updated concept for a web-based PSI portal that was first introduced at the London OEG in February ¶2008. Germany asked for volunteers to participate in a small working group to further refine the portal concept and develop business rules for its use. The U.S. volunteered for this effort, recognizing the important role that a portal will play in strengthening the PSI community and providing all PSI partners with access to key PSI documents and points of contact. Some delegations expressed reservations with granting portal access to all PSI partners. Germany noted that it would consider all comments back in its capital, with the objective of confirming the access policy

soon. The U.S. strongly supports providing all PSI partners with access to OEG and PSI documents, noting the OEG's responsibility to work on behalf of all PSI partners.

¶11. U.S.-hosted OEG meeting with regional participation: The U.S. will host the next OEG meeting with regional participation from Western Hemisphere countries on May 12-14, 2009 in Miami, Florida. The purpose will be three-fold: 1) to convene a full OEG meeting to review key issues and action items from the Paris OEG meeting, 2) to explore region-specific issues related to WMD proliferation and interdiction with non-OEG PSI partners in the Western hemisphere, and 3) to conduct outreach to countries in the region that have not yet endorsed the PSI.

¶12. FOR ANKARA: On September 26, the U.S. delegation held a bilateral meeting with the Turkish delegation, led by Ms. Elif Comoglu Ulgen, Head of Department in the Ministry of Foreign Affairs. The U.S. delegation thanked Turkey for its cooperation on proliferation related issues, recognizing the proliferation challenges posed by its geography. The U.S. encouraged Turkey to host a PSI OEG or Regional OEG meeting in the future; Ms. Ulgen responded that the MFA senior leadership was waiting to see whether other OEG partners would volunteer.

¶13. FOR BUENOS AIRES: Members of the U.S. delegation approached Coast Guard LCDR Rogelio Pellegrino to discuss how Argentina might assist with planning for the U.S.-hosted Miami OEG meeting scheduled for May 12-14, 2009, including by providing translation assistance and by encouraging attendance among Western Hemisphere countries.

¶14. FOR CANBERRA: On September 24, the U.S. held a bilateral meeting with Australia, led by Mr. Murray Perks, Assistant Secretary of Security Policy and Programs in the Department of Defence. Australia favors a customized approach to regional PSI outreach, noting that Asia-Pacific countries are more receptive to a PSI

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message that a) emphasizes the links between security and trade, rather than a more narrow emphasis on stopping illicit WMD-related shipments, and b) places PSI in a broader context of related nonproliferation initiatives, e.g. UNSCR 1540. Australia reported that Mr. David Ritchie, Deputy Secretary in the Department of Foreign Affairs and Trade, returned from the PSI 5th Anniversary meeting with the intention that Australia will host a PSI event, perhaps an exercise, in the 2010 timeframe. There were no confirmations or additional details provided during the OEG meeting.

¶15. FOR LONDON: On September 24, the U.S. held a bilateral meeting with the UK, led by Mr. John Noble, Director and PSI Operational Lead in the Ministry of Defence. This was Mr. Noble's first OEG meeting as Head of Delegation. The UK supports finding ways to increase the operational focus and efficiency of OEG meetings, as well as an emphasis on industry outreach.

¶16. FOR OTTAWA: On September 24, the U.S. held a bilateral meeting with Canada, led by Mr. Claude LeBlanc, Director for Arms and Proliferation Control Policy in the Department of National Defence. This was Mr. LeBlanc's first OEG meeting as Head of Delegation. Canada reported on the VIII Conference of Defence Ministers of the Americas (CDMA), meeting in Banff, Canada, 2-6 September 2008, noting that Uruguay showed interest in PSI. Canada was in agreement with the U.S. that there would be value in establishing a more regular schedule of future OEGs, so that countries

could have a firm basis for planning their participation. Canada agreed to assist the U.S. with the Miami OEG meeting to be held May 12-14, 2009. Finally, Canada noted that they are considering hosting a PSI exercise in 2011.

¶17. FOR WARSAW: On September 24, the U.S. held a bilateral meeting with Mr. Lukasz Zielinski, Head of Nonproliferation Division in the Security Policy Department of the Polish Ministry of Foreign Affairs. Poland's new Head of Delegation, Mr. Marek Szczygiel, Deputy Director of the Security Policy Department of the Ministry of Foreign Affairs, was not able to attend. Poland is interested in exploring ways for the European Union to be more involved in PSI but remains committed to keeping the OEG as a group of nations. During the OEG meeting, Poland presented a proposal to host a Regional OEG meeting for European Union countries in June 2009. Several countries, including Norway, Turkey, and the U.S. commented on the value of a European OEG that would be inclusive of all countries in the region regardless of their affiliation with the EU. Poland also intends to host a regional exercise with Central and East European countries in Hungary sometime in 2009.

¶18. FOR WELLINGTON: On September 24, the U.S. held a bilateral meeting with the New Zealand delegation, led by Ambassador Dell Higgie, Ambassador for Counter-Terrorism, Ministry of Foreign Affairs and Trade. The U.S. congratulated New Zealand on the successful execution of PSI Exercise Maru on September 15-19 in Auckland. The exercise showcased law enforcement and customs aspects of WMD-related interdiction and made good progress in conducting outreach in the Asia-Pacific region. New Zealand supports the idea of inviting non-endorsing countries to observe OEG meetings to emphasize the transparency among PSI partners. New Zealand offered to publish a PSI newsletter as a means of improving communication among all PSI partners between OEG meetings and exercises. New Zealand also offered to draft a sample PSI national response plan for small countries, as a way of translating the PSI Model National Response Plan for countries with limited capacity to do it on their own. Both offers were welcomed by the U.S.

¶19. Begin Chairman's Statement:  
PROLIFERATION SECURITY INITIATIVE OPERATIONAL  
EXPERTS GROUP MEETING PARIS, FRANCE September  
25-26, 2008. PART 1 OF 2

The Proliferation Security Initiative (PSI) Operational Experts Group (OEG) met in Paris, France, from September 25th to 26th, 2008. Twenty OEG countries were present - Argentina, Australia, Canada, Denmark, France, Germany, Greece, Italy, Japan, Netherlands, New Zealand, Norway, Poland, Portugal, Russia, Singapore, Spain, Turkey, the United Kingdom and the United States. The European Union

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attended the OEG by invitation.

Welcoming Remarks

¶20. After the Chairman of the meeting, Camille Grand, Director of the Foundation for Strategic Research, welcomed the PSI Operational Experts to Paris, Michel Miraillet, Undersecretary of Defence for Policy (France), underlined in his opening presentation the PSI's importance as a tool, aside from the existing strict legal framework, to prevent the proliferation of Weapons of Mass Destruction, their means of delivery, and related materials. In our globalised world, Mr Miraillet emphasised the PSI's objective of developing and increasing the awareness in order to

prevent illicit activities which might lead to proliferation. He further stressed the significance of providing a unified front, at national and multinational levels, to face of the risk of proliferation. Given the difficulty of establishing the actual end-use of suspected goods, Mr Miraillet highlighted the need to reach out to all relevant actors, including private players involved in the shipping industry. He underscored the interest of organizing events to raise awareness - Guistir is a recent example -, aimed at involving countries with little knowledge of the PSI but in strategic locations in terms of WMD proliferation networks. Mr Miraillet's final remarks focused on PSI interception achievements and the need to increase sharing information on these real cases to enhance the overall efficiency and credibility of the PSI. Above all, he reminded participants of France's interest in engaging more and more the Initiative towards efficiency driven activities.

#### International General Overview

¶21. In the context of the PSI's fifth anniversary, the United States presented the successful results of the Senior-Level Meeting, at the end of which was issued the Declaration of Washington, and of the PSI Outreach Workshop. The key priorities for the future were set out: to focus on regional PSI activities and outreach workshops, especially to encourage further state endorsements; to seek to strengthen communication channels among counterpart government agencies in PSI partner states; to continue work to strengthen relevant international law and frameworks. Japan mentioned the importance non-proliferation was given at the last G8 Summit and presented its priorities during its G8 Presidency. Italy stated that non-proliferation will stay high in the agenda during its Presidency.

¶22. The discussion emphasised the turning point the PSI is at and the evolving challenges it faces. One of OEG members' objectives is to send a clear message to proliferators: the PSI is active, it works. It is changing proliferators' behaviour. Participants expressed their wish for more universal support for the PSI. They underlined the usefulness of outreach activities and regional meetings. Involving more countries, encouraging them to adhere to the Paris Principles, implies examining their regional role. Dispelling misunderstandings fits into these outreach activities. Last, participants stressed the necessity of continuing PSI exercises and increasing intergovernmental cooperation.

#### EU Combat against Proliferation Approach

¶23. The Representative from the European Union, Mr. Strub, explained which PSI-related issues are dealt with at EU level in Europe, and how the European Union is playing a role. Mr Strub reminded participants of three levels at which the EU is acting and can be involved in PSI activities. First, the EU provides an appropriate legal basis of relevance to PSI activities. It transposes UNSCR sanctions at EU level and goes a step further by implementing its own set of sanctions. It has established a legal regulatory framework in areas where states have transferred authority to the European Union (eg, dual-use control regime). It sets out best practices for Member States (eg, customs regulations). Second, the EU offers capacity building and institutional support in implementing PSI Interdiction Principles - the Joint Research Centre develops operational tools in areas such as the surveillance of maritime traffic and container screening. Third, EU institutions contribute to the fight against proliferation through assistance



and outreach efforts to third countries, and this includes inserting a WMD clause in cooperation agreements with third parties.

¶24. Poland offered a perspective on how the European Union could be involved in the PSI. While the PSI should be stronger and more universal, it should also be more efficient and effective. As participants already stated the need of regional OEGs, Poland reminded delegations of the unique framework the EU provides. It recalled its proposal to host a regional OEG which could be partially dedicated to EU issues. This OEG could include EU institutions and agencies. Such a forum will facilitate the reflection on how the EU's activities fit into the PSI and exploring ways to strengthen it further.

¶25. The EU is committed to the fight against proliferation, as its 2003 WMD strategy illustrates. France outlined the objectives of the French EU Presidency in order to fight proliferation. Those priorities are threefold. First, address the proliferation crises with a special emphasis on Iran and North Korea. Second, strengthen non-proliferation regimes and tools (NPT, CTBT, Multilateral Nuclear Approaches, MTCR, suppliers groups, HCOC). Third, implement concrete actions to prevent and counter proliferation by identifying trends and the best ways of dealing with proliferation. The EU is currently working on a new action plan against proliferation.

¶26. Participants recognised the EU's added value in PSI activities. Partners expressed wide support for the Polish initiative of hosting a regional operational Experts Group meeting in 2009. Countries expressed an interest in the EU perspective while emphasising the necessity of also examining PSI issues in other regions and their specificities. With regards to practical cooperation, the EU contributes to provide the legal framework, reinforces capabilities, facilitates information sharing and exchanging best practices for EU members. It was recalled that while operating within the framework provided by the EU, EU member states act on a national, bilateral or multilateral basis when dealing with real cases.

#### Capability Building / Technical Assistance / Updates

¶27. Singapore presented an analysis of technical verification capabilities, based on PSI member feedback. It identified strengths and areas for improvement. The OEG member states as a whole are strongest in verification of missile-related, biological- and chemical-related items verification. Gaps lie in verification capabilities of nuclear-related items. Gaps also lie in laboratory verification and providing expert witnesses, while OEG is stronger in identifying items.

¶28. Denmark informed the Group on FATF's efforts to prevent proliferation finance. The FATF's mandate was extended in 2008 to include the analysis of financing aspects of WMD proliferation. FATF's approach is based on recommendations on the implementation of UNSC resolutions. It seeks to provide tools for implementing those resolutions on the financing aspects based on a typology process (threat assessment, methods and measures, identification of policy issues). Denmark underlined that the main PSI challenge in this regard is information and intelligence sharing with financial institutions and industry. Fight against WMD proliferation financing thus represents a new line of approach.

¶29. Germany gave a presentation on the PSI internet website project: - [www.psi.diplo.de](http://www.psi.diplo.de) -. At the moment, the website contains practical information, contact

details, an archive of previous meetings and exercises. An access can be requested by all PSI members who will be provided with Login ID and password. Germany suggested improvements to the website including increased participation, more content (PSI newsletter, search engine, "national areas", etc.) and better interactivity (discussion groups, information exchanges, video streaming from meetings, etc.). At a more practical level, Germany mentioned the possibility of creating a core group of interested states for the website's management and expanding administrators' rights.

¶30. All participants underlined the importance of the

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work Germany has undertaken. Delegates discussed the development and use of the German website as a PSI information repository and outreach tool. Some countries noted the potentially sensitive nature of information on PSI activities and the necessity to reflect further on the conditions of access. Acknowledging the announcement made at the PSI 5th anniversary Senior level meeting in Washington DC on May 28th, 2008 to allow access to all PSI partners, delegations are asked to review the website's current content and notify Germany of any sensitive materials that should not be made available to all by November 15th, 2008. Additionally, Germany proposed that a small group of OEG delegates work together to develop business rules that would govern the use of the website. Several countries including the US volunteered to work with Germany in this small and open group.

#### Real Case Debriefings

¶31. The United States presented a 2008 case to illustrate the use of bilateral ship-boarding agreements supporting the implementation of PSI statement of Interdiction Principles, UNSCR 1540 and the 2005 SUA Protocol. Such agreements facilitate operations and encourage the development of internal procedures. The case described was related to a dual-use machine tools with a potential application in weapons of mass destruction and delivery systems development programs. It was provided by a North Korean entity working with brokers in Asian and Western European nations. The commercial merchant vessel transporting the goods was destined for a Syrian port. This case highlights that reciprocal boarding agreements are an important tool in operationalising the PSI, that a national coordination process for interdiction decisions is crucial and that there is a need to exercise and develop Standard Operating Procedures. It shows that PSI leverages the relationship and the capabilities of partners. It also underlines that interdictions options in port are significant but that it is also critical to act in a timely manner.

¶32. Japan outlined a case that occurred in 2003. It was related to a company about to export stabilised direct current supplies that can be used to develop nuclear weapons and missiles. The material was destined for North Korea. The Ministry of Economy, Trade and Industry had notified the company in 2002 that an export licence was required. Nevertheless, the company loaded three items on a ship destined for Thailand - without the required licence. These goods were intercepted in Hong Kong and further investigation highlighted that they were meant to be re-exported to North Korea. It was the first Japanese case of a company violating the catch-all regulation under the Foreign Exchange and Foreign Trade Act. Usually, exporters give up exporting the goods if notified. Consequently, the METI launched an on-site investigation of the company and requested that Hong Kong confiscate the items. METI issued the company with an administrative guidance to bring the goods back to Japan. The company complied at its own cost. The

Japanese judiciary sanctioned the company and its CEO for this incident. Japan underlined the interdiction's success: it had a strong deterrent effect; information sharing and prompt action for cooperation by the relevant authorities allowed seizure of the cargo.

¶33. Canada and the Netherlands gave a presentation on a joint Netherlands-Canada intercept of a uranium analyzer shipped from Canada to Iran via Dutch territory. There were doubts about the consignee/end-user. The Dutch authorities, with interagency cooperation, stopped the shipment for further investigation. The item was not listed but sensitive, and as such was subject of the watch-list and of the EU Iran embargo regulation. The Dutch Ministry of Economic Affairs imposed a catch-all provision on the Dutch freight forwarder and the goods were returned to Canada after establishing contact and cooperation with the freight forwarder and Canadian authorities. Once the goods were back in Canada, the Canadian Border Services Agency retained them and conducted intelligence and enforcement checks. Canadian authorities located the import and export documents - which indicated that the end-user was the Atomic Energy Organisation of Iran - and examined the shipment. It seized the goods and referred the case to the Royal Canadian Mounted Police, as required by law. This case is still under investigation. Information from the enforcement action provided usable evidence of linkage between AEOI and declared consignee. International and

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domestic cooperation was effective and essential in the successful interception and enforcement. It was also concluded that watch lists are useful but must be combined with a workable catch-all clause.

¶34. Turkey presented its experience in terms of on-the-ground practices. It emphasised the need for control at origin, of adequate intelligence, of good international and interagency cooperation and of equal burden-sharing. Turkey also underlined the importance of transmitting interception requests in time. When Turkey's assistance is requested, or when Turkish authorities decide to intervene, the Ministry of Foreign Affairs conducts further investigation. Intelligence-sharing is critical before making a political decision. As an illustration, Turkey mentioned some cases that fell under UNSC resolutions. Turkish authorities consider outreach (industrial, bilateral and multinational) activities to be paramount. The presentation concluded on four priorities: universalisation, effective export controls, increased intelligence exchange and international cooperation.

¶35. France and Greece jointly presented an interdiction involving a suspicious cargo transporting various goods ambiguously listed as "construction materials". The shipment included double base components that could be used for SCUD-type missiles and was en route from North Korea to a Middle-East country. The interception rested on the following legal foundation: the UNSCR 1718 (2006), the EU regulation 329/2007, the EU Controlled Military List and the elusiveness of manifest and packing list. France and Greece pointed out the interdiction's successes (what worked well) and the difficulties faced during the interdiction's four phases: alert, operations planning, operations management, and post-interception. They underlined the valuable experience this interdiction has been for the agencies involved and that both countries were working on identifying strengths and weaknesses to improve their respective national plans, capabilities and reaction mechanisms. The interdiction confirmed the value of a national response plan, Standard Operating Procedures, a strong legal basis for action, and good communication between PSI partners. But it showed the need to improve the relationship between



authorities and industry, strengthen signatories' PSI commitments, focus outreach towards states that are key locations on the air or sea route towards areas of concern.

¶36. The discussion confirmed the importance of sharing information, the necessity of finding the appropriate legal basis and the critical importance of bilateral and multilateral cooperation, without neglecting the national level. It was mentioned that countries increasingly deal with unlisted items, which impacts on the legal situation. Another challenge is the need for adequate intelligence and informing industry. Experience tends to prove that companies inform authorities of suspicious shipments or transactions when briefed. Participants expressed their keen interest in real case debriefings in future OEG meetings.

END OF PART 1 OF 2 OF PSI OEG CHAIRMAN'S STATEMENT

POINTS OF CONTACT

¶37. Please slug responses for OSD GSA (Beth Flores) and State/ISN/CPI (Carlos Guzman). USG POC for PSI Operational Experts Group issues is Beth Flores, OSD/GSA (beth.flores@osd.mil). USG POC for PSI policy issues is Carlos Guzman, State/ISN/CPI (GuzmanCS@state.gov).  
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